

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER OF the APPLICATION of ) REGULATORY DIVISION  
AQUAFLO, LLC for Authority to Increase )  
Rates and Charges and Amend Tariff Rules ) DOCKET NO. D2009.1.9  
and Regulations for Water and Sewer Service )  
to its Helena, Montana, Customers ) ORDER NO. 6985d

IN THE MATTER OF the APPLICATION of ) REGULATORY DIVISION  
AQUAFLO, LLC for Authority to Permanently )  
Increase Rates and Charges and Amend Tariff ) DOCKET NO. D2011.4.34  
Rules and Regulations for Water and Sewer )  
Service to its Helena, Montana, Customers ) ORDER NO. 7171a

**FINAL ORDER**

**History**

1. On January 30, 2009, AquaFlo, LLC (AquaFlo) filed an application for authority to implement interim rates and permanently increase rates and charges in its Helena, Montana, service area. AquaFlo customers previously paid a flat rate of \$69.76 per month.

2. On April 27, 2010, the Montana Public Service Commission (Commission) approved a Stipulation between AquaFlo and the Montana Consumer Counsel (MCC) which increased rates on an interim basis to allow AquaFlo to collect an annual revenue requirement of \$147,848, and approved a rate base of \$189,719 and a rate of return of 7.88 percent. The interim rates consist of a base charge of \$42.11 per month with a volumetric charge of \$5.00 per 1000 gallons. The interim rates are subject to refund if the rates are not justified in the future rate case which the Commission ordered AquaFlo to file. Interim Order No. 6985b was issued in Docket D2009.1.9, which required AquaFlo to file a general rate case by April 27, 2011.

3. On April 27, 2011, AquaFlo filed its application to permanently increase rates based on an annual revenue requirement of \$170,726 and to continue to charge the interim rates presently in place until the final rates are established. AquaFlo requested to increase its fixed charge for

water and wastewater from its present interim rate of \$42.11 per month to \$58.74 per month and to increase the usage charge from \$5.00 per 1000 gallons to \$5.70 per 1000 gallons. AquaFlo also requested approval to increase its excess usage charge.

4. On August 19, 2011, the Commission issued procedural orders in Dockets D2009.1.9 and D2011.4.34.

5. On April 4, 2012, MCC filed testimony advocating a revenue requirement of \$133,462.

6. On May 24, 2012, AquaFlo and the MCC filed a Stipulation (Attachment A) in Docket D2011.4.34.

7. On June 19, 2012, a Notice of Public Hearing was issued and on July 9, 2012, a hearing was held at the Public Service Commission. Because this was a stipulation, the parties waived the requirement for a proposed order in this Docket.

### **Discussion and Findings of Fact**

8. AquaFlo and the MCC agree in this Stipulation that a fair and equitable resolution of the issues in the Docket would be to establish an annual revenue requirement of \$141,239. If the Stipulation is approved, the rates would consist of a base charge of \$45.27 per month with a volumetric charge of \$5.12 per 1,000 gallons. The excess usage charge would increase to \$10.24 per 1,000 gallons for usage above 21,000 gallons for the Northwest Major Subdivision, and 45,000 gallons per month for the Skyview and Northwest Minor subdivisions. The Stipulation requests that the Commission permanently approve all of the other tariff provisions requested in its application and presently in effect on an interim basis.

9. The parties agreed that if the cost of the required professionals can be minimized for AquaFlo, the cost of providing regulated services can also be minimized. In this case, acceptance of the Stipulation will eliminate the need to prepare rebuttal testimony and post-hearing briefs.

10. At first glance, it appears there is a refund due to customers based on the previous interim order that authorized revenues of \$147,848. However, the monthly charge (\$42.11) and the commodity charge (\$5.00/1000 gal) for that revenue requirement is less than the monthly (\$45.27) and commodity charge (\$5.12/1000 gal) in this Stipulation. No overcollection occurred so no refund is warranted. The decreases in revenue resulted from various factors including the

change in consumption habits as the customers of AquaFlo transitioned from a flat rate to a commodity-based charge.

### **Conclusions of Law**

11. The Commission regulates public utilities pursuant to Title 69, Chapter 3, Montana Code Annotated (MCA). § 69-3-102, MCA.

12. AquaFlo is a public utility furnishing water and wastewater service to customers in the Helena area. AquaFlo is subject to the supervision, regulation and control of the PSC pursuant to Title 69, Chapter 3, MCA.

13. If the final decision is to disapprove an increase, the Commission may order a rebate to all consumers for the amount collected retroactive to the date of the temporary approval. § 69-3-304, MCA

14. The Commission concludes that the stipulated rate increase as set forth is just and reasonable and within the discretion granted by § 69-3-304, MCA.

### **Order**

15. AquaFlo is hereby granted authority to implement rates as agreed to in the Stipulation between it and MCC for its customers in the Northwest Minor, Northwest Major and Skyview subdivisions in the Helena area.

16. AquaFlo must comply with all provisions in the Discussion and Findings of Fact section that can be reasonably interpreted as an Order.

17. AquaFlo must file tariffs in compliance with this Order within 30 days of the service date of this order.

18. This Final Order is effective for all services rendered on and after June 1, 2013.

DONE IN OPEN SESSION at Helena, Montana, on this 30th day of April by a 4 to 0 vote, with Chairman Gallagher having recused himself.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

---

BOB LAKE, Vice Chairman

---

KIRK BUSHMAN, Commissioner

---

TRAVIS KAVULLA, Commissioner

---

ROGER KOOPMAN, Commissioner

ATTEST:

Aleisha Solem  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

\* \* \* \* \*

IN THE MATTER of the Application of )  
AQUAFLO, LLC, for Authority to Set Final )  
Rates for Water and Wastewater Services, and )  
Request for Extension of Interim Rates while )  
Final Rates are Established )

REGULATORY DIVISION  
DOCKET NO. D2011-434

RECEIVED BY  
2012 MAY 28 P 12:25  
PUBLIC SERVICE  
COMMISSION

STIPULATION

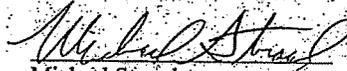
Come now AquaFlo, LLC (AquaFlo or Applicant), and the Montana Consumer Counsel (MCC) and jointly file with the Montana Public Service Commission (Commission) this Stipulation. AquaFlo and MCC agree and stipulate as follows:

1. On April 27, 2011, AquaFlo filed its application to set final rates and to extend the interim rates until final rates are established (Application). The total annual revenue requirement set forth in the Application was \$170,726.
2. MCC intervened in the docket and opposed the revenue requirement proposed by AquaFlo. On April 4, 2012, MCC prefiled testimony which advocated a revenue requirement for AquaFlo of \$133,462.
3. For settlement purposes, AquaFlo and MCC agree that a fair and equitable resolution of the issues in the docket would be as follows, subject to the provisions of paragraph 4 below.
  - A. The Commission should authorize AquaFlo in its final order in this docket to establish rates based on an annual revenue requirement of \$141,239.

- B. Final rates should be established using the agreed upon revenue requirement and billing determinants used by AquaFlo in its Application.
- C. The Commission should approve all of the other tariff provisions requested by AquaFlo in its Application. Attached as Appendix A are proposed tariffs to implement this stipulation.
4. AquaFlo and MCC further agree that if the cost of the required professionals can be minimized for AquaFlo, the cost of providing regulated services can also be minimized. In this case, acceptance of this stipulation will eliminate the need to prepare rebuttal testimony and post-hearing briefs.
  5. After completion of contested case proceedings in this docket, the Commission should be moved in its discretion to issue a final order approving, adopting and implementing the terms of this stipulation and the resulting rates.
  6. AquaFlo and MCC present this stipulation to the Commission as a reasonable settlement of the issues in this docket. Neither party's position in the docket is accepted by the other party by reason of their entry in this stipulation, nor does it indicate their acceptance, agreement or concession to any rate making principle, cost of service determination or legal principle embodied or arguably embodied in the stipulation.
  7. The provisions of this stipulation are inseparable from the whole of the agreement between AquaFlo and MCC in this docket. The reasonableness of the proposed settlement set forth in this stipulation depends on the adoption in its entirety by the Commission. If the Commission decides not to adopt the stipulation in its entirety, neither AquaFlo nor MCC is bound by any provision of it, and it shall have no force or effect.

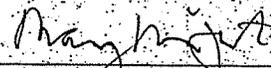
Dated May 7, 2012.

Strand Law Firm



Michael Strand  
807 1<sup>st</sup> Street West  
Billings, Montana 59101-1002

Montana Consumer Counsel



Mary Wright, Attorney  
111 North Last Chance Gulch  
Helena, Montana 59620-1703

## Public Service Commission of Montana

AquaFlo, LLC  
PO Box 1091 Helena, MT 59624

Sheet No. 09-1 1<sup>st</sup> Revised  
Cancelling Sheet No. 09-1

Water and Sewer Service

AquaFlo, LLC Tariff  
 Sheet No. 09-1 of 15

- |   |  |                          |
|---|--|--------------------------|
| 1. Unless modified or addressed herein, all services provided by the Company are governed by the rules and regulations approved by the Public Service Commission. |  |                          |
| 2. <b>Service Rates:</b> (Per Connection)   |  |                          |
| A) <u>Flat rate</u> per month:  |  | \$ 45.27                 |
| B) <u>Water Use Rate</u> charged per 100 gallons per month:   |  | \$ .512                  |
| C) <u>Excess Water Use Rate</u> charged per 100 gallons per month   |  | \$ 1.024                 |
| (1) over the Excess Use Breakpoint.   |  |                          |
| (2) Excess Use Breakpoints:   |  |                          |
| (a) Skyview subdivision (all phases)  |  |                          |
| (i) And Northwest Minor Subdivision:  |  | 45,000 gallons per month |
| (b) Northwest Major Subdivision:  |  | 21,000 gallons per month |
| D) <u>Late charge:</u>  |  |                          |
| (1) A \$10.00 late charge service fee shall be imposed when payment has not been received or postmarked on or before the 15th of each month.                      |  |                          |
| E) <u>Water Disconnect and Reconnect Fees:</u>  |  |                          |
| (1) Customer initiated:   |  | \$50 per Disconnect *    |
|   |  | \$50 per Reconnect *     |
| (2) Company initiated: (i.e. delinquency)   |  | \$50 per Disconnect      |
|   |  | \$50 per Reconnect *     |
| * All outstanding balances, past due amounts and any fees must be paid prior to Company performance.  |  |                          |

Issued \_\_\_\_\_

By \_\_\_\_\_

FOR OFFICE USE ONLY- DO NOT PRINT BELOW THIS LINE